



April 18, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of Champion Broadband, LLC, I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. I operate an independent cable company that serves customers in smaller, rural areas, and I can verify that the petition accurately describes the upcoming retransmission consent crisis. Broadcasters, including those in my markets, have made it clear that they will force us to charge an additional \$5 to \$6 per subscriber per month for basic cable, to cover new demands of cash for carriage. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by my company and will help keep down the costs of basic cable.

Provided below is some information about my company and why we think the Commission needs to grant ACA's petition

Company background

Our company currently provides cable services to over twenty small communities throughout Eastern Colorado and Wyoming. We purchased these systems in 2004 and at the time of purchase, we acquired approximately 2,000 subscribers. Prior to DBS competition and retransmission costs, these systems supported over 10,000 basic subscribers. The previous owners of the systems could no longer afford to even maintain the systems much less add new services such as High Speed Internet.

Champion acquired these systems with the intent of upgrading the plant to support High Speed Internet; a product that rural America has been deprived of to this point. Without the addition of new services to these systems, they will continue to deteriorate to the point of being shut down completely. The average basic rate of these systems is \$36 per month for on average 35 channels. Compare that with the price of an 80 channel basic tier in the Metro Denver area for under \$35.

Receiving broadcast signals in rural America continues to become more and more difficult as well as expensive. Because of the penetration of DBS, local relay towers and stations have been neglected to the point where many Counties have given up on maintenance completely. As a small operator, we are then forced to receive the broadcast channels via satellite transport as a cost of up to \$.31 per channel per month. Broadcasters then add on as much as \$.55 per month for the network channel. **\$.55 for a channel that costs "only" \$.16 in the Denver Metro area.** Rural systems have no add insertion capability, no cross channel, and basically no means of offsetting the cost to carry the broadcast channels other than raising consumer rates. Meanwhile, DBS due to their size and negotiating power, pays much less for the channels, and sells advertising to offset what they do pay.

Why we support ACA's Petition

Basically, all that ACA asks for is a right for us to shop and only when a broadcaster demands a price for retransmission consent. In my markets, I know this will work to lower the cost of retransmission consent for my customers.

First, I know that I could obtain network programming at a lower cost from other broadcasters. I can do this by receiving signals from neighboring markets.

Second, if the broadcasters in my market know alternatives exist, I am confident I will be able to negotiate a lower price. That works in every type of transaction, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. In my markets, broadcaster's demands will cost my company and our subscribers at least \$90,000 per year.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers.

Failure to do so will result in the final demise of the rural cable systems in America. With that demise will be the loss of local origination channels, rural broadcast channels, local weather, and the other benefits that the small cable companies solely provide today as well as any competition to DBS to maintain fair and competitive pricing.

Our concern for localism

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. We currently provide significant local programming on our system. We understand the importance of local programming, but we also understand how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often the owners are based in corporate headquarters hundreds or thousands of miles away. Frankly, they don't care about localism. They just want our customer's money.

We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a "price," we need the ability to "shop" to get a "price" that fairly reflects the value of the signal. Please act on ACA's Petition as soon as you can.

Sincerely,

_____/s/_____
Dave Haverkate
President & COO
Champion Broadband, LLC